BUDGET 2003

BRITISH COLUMBIA

Ministry of
Finance

SERVICE PLAN

2003/04 – 2005/06

BRITISH COLUMBIA

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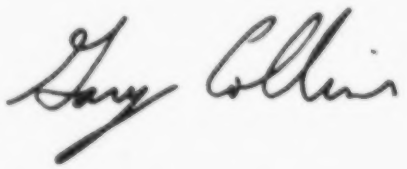
Accountability Statement

The 2003/04 – 2005/06 Ministry of Finance Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the basis on which the plan has been prepared. The plan was developed in the context of the government's *New Era* commitments, which are to be addressed by May 17, 2005.
All material fiscal assumptions and policy decisions as of January 28, 2003 have been considered in preparing the plan and I am accountable for achieving the specific objectives in the plan.



Honourable Gary Collins
Minister of Finance

February 5, 2003

BRITISH COLUMBIA

Ministry of Finance

I have the honour of submitting the Ministry of Finance Service Plan for the period April 1, 2003, to March 31, 2006. This plan is presented in accordance with section 13 of the *Budget Transparency and Accountability Act*.

As a rolling plan, this document reflects and builds upon the ministry's efforts in 2002/03, many of which support the government's top-priority commitments. These include restoring sound fiscal management across government, revitalizing British Columbia's economy and putting the needs of patients, students and people-in-need first.

The Ministry of Finance supports the achievement of these goals through its many roles: banker, expenditure approver, financial and economic advisor and manager to government, financial and management regulator, and reporter to taxpayers on all aspects of B.C.'s finances and economy. Restoring sound fiscal management while meeting the priority needs of British Columbians will require diligent adherence to the fiscal targets laid out in the government's three-year Strategic Plan and the three-year service plans of individual ministries. The Ministry of Finance plays a vital role in keeping these plans on track.

Readers of last year's Ministry Service Plan will find a great deal of consistency between last year's plan and this updated plan. This consistency is intentional. The ministry has achieved many of the primary initiatives identified last year, including introducing a new Capital Asset Management Framework for all ministries and government agencies and creating *Partnerships British Columbia*, to identify and facilitate public/private partnership opportunities in the delivery of public services and infrastructure. The Ministry continues to implement several major initiatives, including the delivery of business registration services online, realigning governance and advisory resources to focus on key risks and opportunities, consolidating and streamlining reporting and administrative functions, designing a proactive collective bargaining mandate, and expanding the government's risk-management programs.

Our strategy to meet these and other commitments follows. I am certain that the dedication and expertise the ministry staff have demonstrated will remain cornerstones of our success in helping to fulfill the government's *New Era* commitments.

Honourable Gary Collins
Minister of Finance
February 5, 2003

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Strategic Context

Ministry Overview

The Ministry of Finance plays a key role in establishing, implementing and reviewing government's economic, fiscal and taxation policies. The ministry's core businesses include banking, accounting, financial and economic reporting, risk and debt management, capital project oversight, regulating the financial and real estate sectors, and serving as the registrar of corporate entities, personal property and manufactured homes. Through the Public Sector Employers' Council, which is chaired by the Minister of Finance, the ministry also helps to co-ordinate labour relations policies and practices across the public sector.

The ministry's clients include Treasury Board, Cabinet, Government Caucus Committees, ministries, agencies, boards, commissions, Crown Corporations, businesses, investors and financial-sector agencies. Through its support of the government's *New Era* commitments, the ministry also broadly serves the people of British Columbia.

Updates from the Previous Plan

Over the course of the past year, the ministry has made significant progress in implementing the Government's *New Era* commitments and related projects that fall under our responsibility. These successes as well as our ongoing efforts to improve performance reporting have resulted in several changes from our *Service Plan 2002/03 – 2004/05*.

The ministry has worked in partnership with a number of other public sector agencies to improve the delivery of services. As part of this initiative, the ministry has transitioned the following programs to other organizations and will no longer oversee their activities or report upon their performance:

Business Partnerships and Capital Division have been integrated into *Partnerships British Columbia*, a new private-sector-focused agency responsible for encouraging public-private partnerships (P3s) in the British Columbia public sector.

Corporate Accounting System has been transferred to the newly formed Shared Services Agency to provide the financial infrastructure necessary for delivering cost-effective shared corporate services to government.

The ministry has also assumed several new responsibilities since the release of our previous service plan. These responsibilities include oversight of pension plans, procurement governance, and the provision of strategic financial, human resources and information management services to a pod of clients. This pod includes the Ministry of Finance, Ministry of Management Services, Ministry of Provincial Revenue, Premier's Office and other

government agencies. Accordingly, we have been allotted increased resources and identified additional strategies related to these new functions. Readers of this year's plan will also find supplementary information on our planned activities and performance that will allow a more comprehensive understanding of our organization. Appendix A provides an overview of all of the changes to the performance measures and targets included in last year's service plan.

Planning Context

The factors that present challenges, opportunities and risks for the Ministry of Finance over the next three years include:

Cross-Government Environment

- The British Columbia economy grew by 1.9 per cent in 2002, faster than the 0.7 per cent expected at the time of last year's budget, according to the province's independent Economic Forecast Council. The Council now expects growth in British Columbia's economy to rise to 2.7 per cent in 2003
- Resolution of the softwood lumber dispute could affect forest revenues, personal and corporation income taxes and other revenues
- Energy, forest and other commodity prices could be higher or lower than assumed
- Globalization of economic and financial markets increases competition for investment
- Demand-driven program spending may vary from forecasts
- Expansion of the government reporting entity to include segments of the broader public sector could increase ministry workloads and result in additional pressures on the timely delivery of statutory financial statements
- Government's commitment to encourage alternative public service delivery, including public-private partnerships may impact internal resources

Ministry Environment

- Technological innovations provide opportunities for greater productivity and efficiency
- An aging workforce presents significant succession and recruitment challenges
- Full implementation of Generally Accepted Accounting Principles (GAAP) may result in additional workloads within both core government and affected broader public sector organizations
- Implementation of government's shared services system requires adjustment to roles and responsibilities of governance functions for financial and procurement services

Risk Mitigation

The ministry is undertaking a number of initiatives in order to reduce or eliminate the risks we expect to confront over the coming years. These initiatives include:

- Providing for an annual forecast allowance based on the expected risks associated with the budget estimates
- Establishing conservative mid-range estimates
- Implementing an Enterprise-wide Risk Management program
- Focusing on human resources and succession planning
- Ensuring labour relations policies and mandates incorporate fiscal, policy and labour-market goals
- Continued testing and updating of ministry business continuation plans

Vision

To be a responsive organization that is a model for leadership in promoting sound fiscal management and governance in an open and accountable public-sector environment.

Mission

To develop a sustainable fiscal plan, to prudently manage government finances, and to create a sound policy and regulatory framework that supports the creation of a strong and vibrant economy.

Values and Leadership Philosophy

Our Values are:

Accountability

Our Leadership Philosophy is to:

- be accessible and responsive to our client needs
- measure and report on our performance at all levels
- recognize achievement and learn from our mistakes
- support a risk-based management system that encourages competency and performance based excellence
- focus resources and analysis on those activities that present the greatest opportunities or pose the greatest risk to the government's fiscal and economic plan

Innovation	■ explore new partnerships and ideas about how we do our business
	■ embrace technological change to capture new opportunities
	■ make strategic investments in our people
Respect and Integrity	■ focus on our customers and clients
	■ provide leadership and encourage teamwork
	■ value diversity and differences of opinion
	■ protect confidentiality of information
Trust and Honesty	■ keep our activities and outputs open and transparent
	■ respond to feedback from the public and our clients
	■ ensure clear and open communication

Goals and Core Business Areas

Goals

To realize our vision and mission, the Ministry of Finance has established five goals which will guide our activities during the three years addressed in this Service Plan. These goals reflect the strategic shifts driven by the Government's *New Era* commitments and include:

1. Implementing government's three-year fiscal plan and balancing the budget beginning in 2004/05
2. Creating a tax and regulatory climate that stimulates economic growth
3. Effective and efficient financial and risk management
4. Comprehensive, timely and transparent financial and performance planning and reporting
5. A progressive, innovative and knowledgeable workforce

The following section provides further information on the purpose and intended outcomes associated with each of these goals. A number of high-level objectives are also linked to their respective goals to better illustrate the direction we are pursuing to successfully achieve our goals and realize our intended future.

Goal 1: Implementing government's three-year fiscal plan and balancing the budget beginning in 2004/05

A strong and vibrant provincial economy is a key goal in the government's three-year strategic plan. The ministry will assist government in achieving this goal by maintaining a competitive tax regime and assisting ministries to meet their budget and service plan targets, thereby eliminating the structural deficit and balancing the budget. The ministry will also coordinate the management of labour relations policies and practices in the public sector to foster an efficient and effective workforce.

Once the provincial budget is balanced beginning in 2004/05, the ministry will assist in identifying opportunities to reduce the overall debt burden and see the province's debt to GDP ratio decline to a level that remains among the lowest of the Canadian provinces.

Objectives

1.1 Balance provincial budget annually beginning in 2004/05

1.2 Effective cash and debt management

1.3 Effective management of public-sector labour relations and human resource strategies

Goal 2: Creating a tax and regulatory climate that stimulates economic growth

The Ministry of Finance plays a critical role in the development of a healthy investment climate in the province. Specifically, the ministry is responsible for delivering on the government's commitment to establish a competitive tax environment to support business development and investment. Several of the initiatives the ministry has undertaken to improve the province's business climate include:

- reducing the general corporate income tax rate by three percentage points
- introducing a provincial sales tax exemption for production machinery and equipment
- eliminating the corporation capital tax for general corporations
- several sector specific tax measures

These cuts were partially offset by increases in Medical Services Plan (MSP) premiums and the provincial sales tax rate to fund compensation increases in the health sector. In addition to the tax cuts, focused on increasing business investment, the ministry has also delivered on the government's promise to reduce personal income taxes and ensure the personal tax burden of British Columbians is among the lowest in the country.

The ministry also supports the government's goal of reducing regulation and red tape, thereby making it easier and more attractive for business to locate and invest in the province. Ministry initiatives include the passage of the new *Business Corporations Act*, which streamlines existing requirements and provides more flexibility for business incorporations, and the review of legislation that regulates the financial services and real estate sectors. The ministry will play a lead role in creating e-government solutions through the electronic delivery of all corporate and personal property registration services, as well as e-banking services for government programs.

Objectives

2.1 Establish a tax environment that encourages economic growth

2.2 Support business development and investment

Goal 3: Effective and efficient financial and risk management

The Ministry of Finance is responsible for the Government's overall financial and risk-management framework. This involves the establishment of appropriate legislation, policies, procedures and training and reporting at a corporate level to ensure the province's resources and obligations are appropriately managed in support of effective service delivery. The framework reinforces individual and corporate accountabilities for outcomes, maintains the corporate standards for stewardship of resources, management of liabilities and risk, and the collection and disbursement of public funds.

Key activities include financial, procurement and accounting policy development, internal audit and advisory services, risk management, and compliance monitoring. The policies are risk-based to ensure they add value and are consistent with the risks they are intended to address. Programs focus on areas of greatest risk with a goal of making broad systemic change to improve performance. This ensures that finance and administration functions are provided using the optimal mix of resources and funding.

Objectives

3.1 Implement a risk-based approach to managing government resources

3.2 Improve the government-wide responsibility and accountability framework for financial management

Goal 4: Comprehensive, timely and transparent financial and performance planning and reporting

The Government is committed by legislation to fully move to Generally Accepted Accounting Principles (GAAP) by April 1, 2004. British Columbia currently leads the provinces in this regard. Financial results and updated forecasts as compared to the budget are publicly reported quarterly and annually in accordance with legislated dates. Accounting practices, policies and procedures are developed and maintained in order to support the accuracy, completeness, timeliness and reliability of these reports. Accounting advice and assistance is provided on new initiatives, existing business operations and systems development.

The *Budget Transparency and Accountability Act* (BTAA) also sets out requirements for service plans and annual service plan reports for all ministries and government organizations. Service plans describe the goals and objectives to be achieved and the performance measures and targets that will gauge success, with the reports providing an account of actual results. Assistance is provided to ministries through service plan and report guidelines and other supports.

Objectives

4.1 Compliance with statutory reporting and budgeting requirements and with GAAP

4.2 Increase transparency and accountability for both expenditures and performance

Goal 5: A progressive, innovative and knowledgeable workforce

We recognize each of our ministry goals is dependent upon the continued support and professionalism of a highly skilled and knowledgeable workforce. It is our staff who drive the quality and value of the services we provide to our clients, stakeholders and the people of British Columbia.

In keeping with the Government's *Public Sector Renewal Initiative*, our ministry has identified, and will continue to identify, a number of opportunities to enhance the leadership, support and developmental opportunities our staff requires and deserves. We will foster a more proactive and visionary leadership at all levels of the organization. Employees will also be actively involved in the development of the ministry's Human Resource Management Plan.

As we work towards achieving our ministry goals, we will be recognized by our clients and stakeholders as a progressive, innovative and knowledgeable workforce, that delivers our services efficiently, effectively, and with a clear sense of pride and purpose.

Objectives

5.1 Proactive and visionary leadership

5.2 Performance-focused workforce

5.3 Learning and innovative organization

Core Business Areas

The ministry provides a wide range of functions related to our mandate of promoting sound fiscal management and governance in the provincial government. In order to efficiently and effectively deliver these functions, the ministry has been structured into seven core business areas each with specific responsibilities for the provision of programs and services. The core business areas include:

1. Financial and Economic Performance and Analysis
2. Financial Governance, Accounting and Reporting
3. Treasury
4. Financial and Corporate Sector Services
5. Public Sector Employers' Council
6. Risk Management
7. Executive and Support Services

Collectively these core business areas include all of the ministry's programs and services and directly contribute to at least one of our goals.

Core Business Area 1: Financial and Economic Performance and Analysis

The primary role of Financial and Economic Performance and Analysis is to:

- develop the government's three-year fiscal plan and identify, assess, monitor and manage significant risks and opportunities relating to the plan
- provide financial, economic, revenue, capital, taxation, and intergovernmental fiscal relations advice to the minister, Treasury Board, Cabinet, Government Caucus Committees, government ministries and agencies, and other stakeholders
- manage the government budget, service plan, and service plan report processes
- produce the budget, estimates, quarterly reports, and the budget consultation document; as well as internal reports and related analysis

Financial and Economic Performance and Analysis	2002/03 Restated Estimates	2003/04 Estimates	2004/05 Plan	2005/06 Plan
Operating Expenses ($000)				
Operating Expenses				
Expenditures	7,987	6,487	5,949	5,949
Recoveries	(5)	(5)	(3)	(3)
Net	7,982	6,482	5,946	5,946
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)				
Capital Expenditures (CRF)	175	45	45	45
Full-time Equivalents (FTE)				
FTE's	82	68	64	64

Core Business Area 2: Financial Governance, Accounting and Reporting

The primary role of Financial Governance, Accounting and Reporting is to:

- provide accounting policy and analysis to ministries, Crown Corporations, agencies and the schools, universities, colleges and hospitals (SUCH) sector, resulting in financial information that is clear to the public
- provide accounting advice on public private partnerships (P3s) and financing proposals
- provide financial and management regulation by establishing policy, procedure, and legislation that define the financial management framework for government, provide a purchasing governance framework, provide assurance that the financial and management policy framework is operating as intended through a risk-based approach, process legal encumbrances for government, and provide internal audit services to support ministry and cross-government performance, risk management, and control activities
- provide financial reporting by preparing and publishing the public accounts and contributing to other financial reports for timely reporting, decision making, and financial transparency, and by working with the Auditor General and accounting standards organizations on appropriate accounting standards and their application to the province

Financial Governance, Accounting and Reporting	2002/03 Restated Estimates	2003/04 Estimates	2004/05 Plan	2005/06 Plan
Operating Expenses ($000)				
Operating Expenses				
Expenditures	12,594	11,479	10,220	10,220
Recoveries	(4,911)	(4,418)	(4,329)	(4,329)
Net	7,683	7,061	5,891	5,891
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)				
Capital Expenditures (CRF)	310	150	140	140
Full-time Equivalents (FTE)				
FTEs	139	117	112	112

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- develop the government's three-year fiscal plan and identify, assess, monitor and manage significant risks and opportunities relating to the plan
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Capital Expenditures (CRF)	310	150	140	140
Full-time Equivalents (FTE)				
FTEs	139	117	112	112

Core Business Area 3: Treasury

The primary role of the Treasury is to:

- deliver cost effective banking, cash management, and electronic banking services to ministries, Crown corporations and government agencies
- ensure the borrowing needs for the provincial government and its agencies are met, provide support for corporate and project finance initiatives, and efficiently manage debt settlement operations and reporting
- manage investor relations initiatives and act as the primary liaison with domestic and international credit rating agencies

Treasury	2002/03 Restated Estimates	2003/04 Estimates	2004/05 Plan	2005/06 Plan
Operating Expenses ($000)				
Operating Exenses				
Expenditures	18,270	19,163	20,781	22,103
Recoveries	(18,269)	(19,162)	(20,780)	(22,102)
Net	1	1	1	1
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)				
Capital Expenditures (CRF)	1,443	1,848	1,635	303
Full-time Equivalents (FTE)				
FTEs	78	76	74	74

Core Business Area 4: Financial and Corporate Sector Services

The primary role of Financial and Corporate Sector Services is to:

- Oversee the financial and real estate sectors including:
  - — operation of the Financial Institutions Commission (FICOM) and the Credit Union Deposit Insurance Corporation
  - — regulation of credit unions, trust companies, pension plans, insurance companies, captive insurance companies, and insurance licensees
  - — regulation of real estate licensees and mortgage brokers
- Operate registries services including:
  - — registration of all business entities, non-profit organizations, and co-operatives that operate in British Columbia
  - — maintenance of registries of security interests (liens) in personal property and of the ownership and location of manufactured homes in the province
- Provide policy analysis and advice to government in support of legislative frameworks for the regulation of the province's financial services, real estate, and corporate as well as commercial sectors

Financial and Corporate Sector Services	2002/03 Restated Estimates	2003/04 Estimates	2004/05 Plan	2005/06 Plan
Operating Expenses ($000)				
Operating Expenses				
Expenditures	16,389	18,462	14,658	15,030
Recoveries	(7,539)	(10,410)	(10,527)	(10,702)
Net	8,850	8,052	4,131	4,328
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)				
Capital Expenditures (CRF)	2,351	2,764	601	1,414
Full-time Equivalents (FTE)				
FTEs	195	179	148	133

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Capital Expenditures (CRF)	2,351	2,764	601	1,414
Full-time Equivalents (FTE)				
FTEs	195	179	148	133

Core Business Area 5: Public Sector Employers' Council

The primary role of the Public Sector Employers' Council (PSEC) is to:

- set and coordinate strategic directions in human resource management and labour relations and advise government with respect to labour relations and pension and benefits issues in the provincial public sector

Public Sector Employers Council	2002/03 Restated Estimates	2003/04 Estimates	2004/05 Plan	2005/06 Plan
Operating Expenses ($000)				
Operating Expenses				
Expenditures	14,837	14,837	14,718	14,718
Recoveries	(25)	(25)	(25)	(25)
Net	14,812	14,812	14,693	14,693
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)				
Capital Expenditures (CRF)	3	253	28	3
Full-time Equivalents (FTE)				
FTEs	13	13	13	13

Core Business Area 6: Risk Management

Risk management includes risk identification and assessment processes, risk transfer, risk financing, risk mitigation, claims/litigation management, and security and business continuity planning.

The primary role of Risk Management is to:

- develop and manage comprehensive risk management programs that seek to minimize the risks the provincial public sector faces by virtue of its programs, operations and assets, including public education, health care, Crown corporations, and other public entities
- assist public agencies (school districts, health authorities, universities, colleges, institutes, BC Buildings Corporation, and BC Housing Management Commission) in improving the seismic safety of existing and future public buildings. The pilot program for Seismic Mitigation will be completed in 2002/03; future requirements will be funded within the established annual operating and capital budgets for each agency

Risk Management	2002/03 Restated Estimates	2003/04 Estimates	2004/05 Plan	2005/06 Plan
Operating Expenses ($000)				
Operating Expenses				
Expenditures	80,734	45,009	49,496	52,801
Recoveries	(30,734)	(45,009)	(49,496)	(52,801)
Net	50,000	0	0	0
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)				
Capital Expenditures (CRF)	970	670	220	220
Full-time Equivalents (FTE)				
FTEs	28	43	43	43

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Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)				
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Full-time Equivalents (FTE)				
FTEs	13	13	13	13

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Risk Management	2002/03 Restated Estimates	2003/04 Estimates	2004/05 Plan	2005/06 Plan
Operating Expenses ($000)				
Operating Expenses				
Expenditures	80,734	45,009	49,496	52,801
Recoveries	(30,734)	(45,009)	(49,496)	(52,801)
Net	50,000	0	0	0
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)				
Capital Expenditures (CRF)	970	670	220	220
Full-time Equivalents (FTE)				
FTEs	28	43	43	43

Core Business Area 7: Executive and Support Services

The primary role of Executive and Support Services is to provide:

- executive and administrative support to the Minister and Deputy Minister's offices
- strategic support to ministry operations, programs, and external client organizations in the areas of finance, human resources, information management, and information access and records services
- funding in support of Government House
- funding in support of *Partnerships British Columbia*

Executive and Support Services	2002/03 Restated Estimates	2003/04 Estimates	2004/05 Plan	2005/06 Plan
Operating Expenses ($000)				
Operating Expenses				
Expenditures	21,609	21,811	21,036	21,036
Recoveries	(3,349)	(3,349)	(3,288)	(3,288)
Net	18,260	18,462	17,748	17,748
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)				
Capital Expenditures (CRF)	876	816	816	816
Full-time Equivalents (FTE)				
FTEs	95	95	95	95

Core Business Area 7: Executive and Support Services

The primary role of Executive and Support Services is to provide:

- executive and administrative support to the Minister and Deputy Minister's offices
- strategic support to ministry operations, programs, and external client organizations in the areas of finance, human resources, information management, and information access and records services
- funding in support of Government House
- funding in support of *Partnerships British Columbia*

Executive and Support Services	2002/03 Restated Estimates	2003/04 Estimates	2004/05 Plan	2005/06 Plan
Operating Expenses ($000)				
Operating Expenses				
Expenditures	21,609	21,811	21,036	21,036
Recoveries	(3,349)	(3,349)	(3,288)	(3,288)
Net	18,260	18,462	17,748	17,748
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)				
Capital Expenditures (CRF)	876	816	816	816
Full-time Equivalents (FTE)				
FTEs	95	95	95	95

Goals, Objectives, Strategies, Core Business Areas and Performance Measures

This section details the objectives and related strategies the ministry will pursue over the next three years as we work toward the realization of our five goals. Individual objectives and strategies have also been linked directly to the core business areas responsible and accountable for the delivery of the various initiatives.

The ministry has also selected 21 performance measures and related three-year targets that will allow for an ongoing evaluation of our performance against expected results. Collectively these performance measures explore the outcome of our programs and the efficiency of our activities.

We remain committed to measuring the impact of our programs. Some of the selected performance measures, however, are also influenced by factors beyond the ministry's direct control (e.g., the level of GDP). In addition, the development and implementation of new systems to replace current manual processes will need to be carefully managed to ensure we meet our targets (e.g., electronic delivery of registry services). Despite these limitations, we are confident a comprehensive measurement system that emphasizes outcomes will improve our organizational performance and ensure appropriate accountability to all British Columbians.

Goal 1: Implementing government's three-year fiscal plan and balancing the provincial budget beginning in 2004/05

Objective	Strategy	Responsible Core Business Area						
		Finance & Econ Performance	Financial Governance	Treasury	Fin & Corp Sector Services	PSEC	Risk Management	Executive & Support
Balance provincial budget annually beginning in 2004/05	• Implement three-year planning framework for all ministries	✓						
	• Restructure policy and advisory resources to provide targeted advice on strategic risks and opportunities	✓						
Effective cash and debt management	• Provide comprehensive support for credit rating analysis and expand investor relations activities			✓				
	• Develop models and systems to maximize investment returns on surplus cash and to minimize borrowing costs and requirements			✓				
	• Utilize technological advancements (e.g., e-banking services) to create financial and administrative efficiencies and savings within ministries.			✓				
Effective management of public-sector labour relations and human resource strategies	• Develop a framework for executive compensation and for bargaining mandates that incorporate fiscal goals, policy, program decisions, and labour market considerations					✓		
	• Develop a long-term strategy for effective management of labour relations, including related performance measures					✓		
	• Support a strategy for reducing shortages of critical skilled occupations in the public sector					✓		

Objective	Performance Measure	Base 2002/03	Target		
			2003/04	2004/05	2005/06
Balance provincial budget annually beginning in 2004/05	• Achieve annual targets for provincial budget	$4.4 B deficit	To be announced February 18, 2003	Balanced Budget	Balanced Budget
Effective cash and debt management	• Debt to GDP ratio *(Provincial ranking — Moody's)*	2nd Lowest	In the Lowest 3	In the Lowest 3	In the Lowest 3
	• Debt service costs *(Provincial ranking — Moody's)*	4th Lowest	2nd Lowest	2nd Lowest	2nd Lowest
	• Provincial credit rating *(Moody's)*	Aa2	Aa2	Aa2	Aa2
Effective management of public-sector labour relations and human resource strategies	• Compensation cost changes over 2002/03 compensation base (excluding previously existing contracts)	$17.43 Billion	0	0	TBD
	• Days lost due to labour disruption in the BC Public Sector	Cdn. Avg. days lost	+/- 10% of Avg.	+/- 10% of Avg.	+/- 10% of Avg.

Goal 2: Creating a tax and regulatory climate that stimulates economic growth

Objective	Strategy	Responsible Core Business Area						
		Finance & Econ Performance	Financial Governance	Treasury	Fin & Corp Sector Services	PSEC	Risk Management	Executive & Support
Establish a tax environment that encourages economic growth	• Review the tax system on an ongoing basis and consider changes to maintain and improve competitiveness	✓						
Support business development and investment	• Streamline and update the legislative and policy frameworks to reduce regulatory requirements and enable the electronic delivery of services				✓			

Objective	Performance Measure	Base 2002/03	Target		
			2003/04	2004/05	2005/06
Establish a tax environment that encourages economic growth	• Provincial ranking of personal income tax rates for the bottom two tax brackets	Lowest	Lowest	Lowest	Lowest
	• Provincial ranking of the top personal marginal tax rate	In the lowest 3	In the lowest 3	In the lowest 3	In the lowest 3
Support business development and investment	• Number of regulatory requirements (2004/05 target is a 1/3 reduction from 2001/02 baseline of 40,307)	33,700 (-16%)	29,900 (-25%)	26,700 (-33%)	26,700 (-33%)
	• Per cent annual growth in business registrations	8.3%	5%	5%	5%
	• Percentage of company incorporations and registrations filed electronically	77%	85%	90%	100%

Goal 3: Effective and efficient financial and risk management

Objective	Strategy	Responsible Core Business Area						
		Finance & Econ Performance	Financial Governance	Treasury	Fin & Corp Sector Services	PSEC	Risk Management	Executive & Support
Implement a risk-based approach to managing government resources	• Expand the mandate of the government's self-insurance program to the broader public sector						✓	
	• Develop and implement risk management strategies for government including: — Enterprise Wide Risk Management and related Internal Audit frameworks — Post-payment reviews		✓ ✓				✓	
Improve the government-wide responsibility and accountability framework for financial management	• Revise management policy manuals and consolidate in an electronic form • Establish effective procurement governance • Establish a new *Auditor General Act*		✓					

Objective	Performance Measure	Base 2002/03	Target		
			2003/04	2004/05	2005/06
Implement a risk-based approach to managing government resources	• Annual savings from self-insurance (5 year rolling average)	$30.1 Million	$32.1 Million	$35.4 Million	$43.2 Million
	• Potential average annual benefits realized from utilizing a risk-based approach for post-payment monitoring of expenditures and by management implementing Internal Audit and Advisory Services recommendations	$5.7 Million	$5.2 Million	$5.2 Million	$5.2 Million
Improve the government-wide responsibility and accountability framework for financial management	• Stakeholders' satisfaction with the policy framework for financial management	—	Determine baseline	Improve baseline by 5%	Improve additional 5%

Goal 4: Comprehensive, timely and transparent financial and performance planning and reporting

Objective	Strategy	Responsible Core Business Area						
		Finance & Econ Performance	Financial Governance	Treasury	Fin & Corp Sector Services	PSEC	Risk Management	Executive & Support
Compliance with statutory reporting and budgeting requirements and with GAAP	• Full implementation of Generally Accepted Accounting Principles (GAAP)	✓	✓					
	• Use technological advancements to simplify reporting process		✓					
	• Continue to refine the ministry's website and publications with a particular focus on investors and credit rating agencies			✓				
Increase transparency and accountability for both expenditures and performance	• Link ministry spending to core businesses and performance measures/targets	✓						
	• Timely response to correspondence							✓

Objective	Performance Measure	Base 2002/03	Target		
			2003/04	2004/05	2005/06
Compliance with statutory reporting and budgeting requirements and with GAAP	• Full implementation of GAAP	Partial	Partial	Full	Full
	• Delivery date for annual Public Accounts	July 15th	July 15th	July 15th	June 30th
Increase transparency and accountability for both expenditures and performance	• Alignment of Estimates, Budgets, and core business areas	Varies	Substantially Aligned	Fully Aligned	Fully Aligned
	• Percentage of responses to ministerial correspondence completed within two weeks	40%	70%	80%	80%

Goal 5: A progressive, innovative and knowledgeable workforce

Objective	Strategy	Responsible Core Business Area						
		Finance & Econ Performance	Financial Governance	Treasury	Fin & Corp Sector Services	PSEC	Risk Management	Executive & Support
Proactive and visionary leadership	• Establish, define and communicate management leadership competency requirements							✓
Performance focused workforce	• Communicate to staff on a regular basis about the status of the ministry human resources plan and how it integrates with the ministry's service plan							✓
	• Supervisors to review Employee Performance and Development Plans (EPDP) annually with each of their staff members							✓
Learning and innovative organization	• Provide staff with information and access to development, training and learning opportunities							✓

Objective	Performance Measure	Base 2002/03	Target		
			2003/04	2004/05	2005/06
Proactive and visionary leadership	• Percentage of staff satisfied that leadership learning and development strategies and/or opportunities are available	49%	60%	70%	80%
Performance focused workforce	• Percentage of staff with a current Employee Performance and Development Plan (EPDP)	23%	Required for all excluded staff beginning in the 2003/04 fiscal year		
Learning and innovative organization	• Percentage of staff who agree that learning and development opportunities are accessible	66%	70%	75%	80%

Other Program Initiatives

The ministry also supports several other initiatives including:

BC Family Bonus:

The BC Family Bonus Program is a provincial personal income tax measure administered through the federal Canada Child Tax Benefit system. The program provides low-income families with children with monthly payments calculated on the basis of family income and number of children in the family.

Seismic Mitigation:

The Seismic Mitigation Program provides assistance to public agencies (school districts, health authorities, universities, colleges, institutes, BC Buildings Corporation, and BC Housing Management Commission) to improve the seismic safety of existing and future public buildings. The pilot project will end in 2002/03; future requirements will be funded within the established annual operating and capital budgets for each agency.

Unclaimed Properties:

The Unclaimed Property Office assists the public in locating and recovering their unclaimed financial property from both government and non-government bodies in accordance with British Columbia's *Unclaimed Property Act* (UPA).

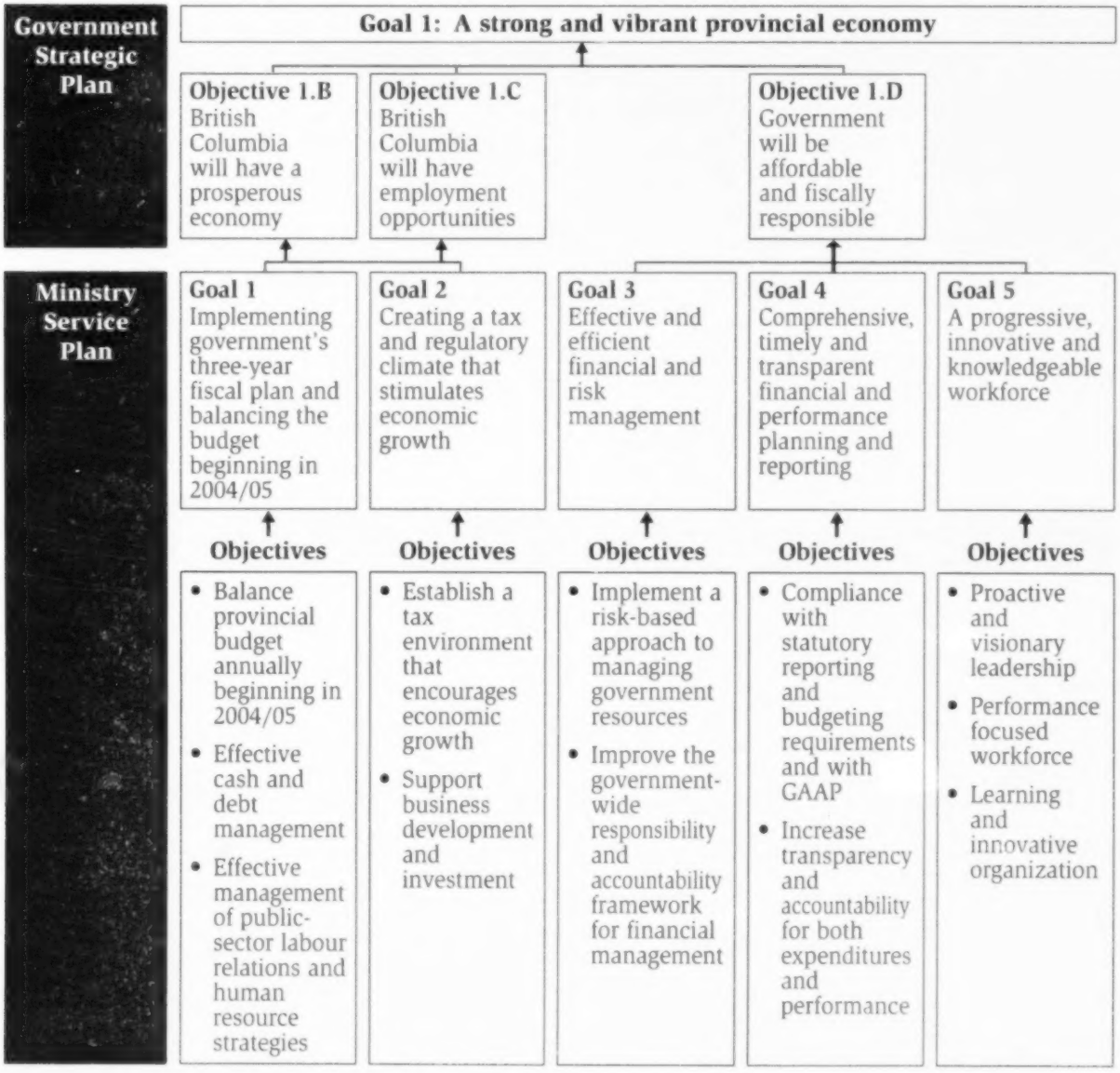
The ministry is currently exploring alternative service delivery models to divest itself of the unclaimed property program in keeping with the government focus upon core business activities.

The Ministry is also responsible for:

- Vote 41 — Management of Public Funds and Debt (debt servicing)
- Vote 42 — Contingencies (all ministries) and New Programs
- Vote 43 — Government Restructuring (all ministries)

Consistency with Government Strategic Plan

Each Ministry of Finance goal and objective is consistent with and directly contributes to the achievement of the Government Strategic Plan goal of a *"strong and vibrant provincial economy"*. The ministry's role in contributing to the success of the Government Strategic Plan is illustrated below.


Government Strategic Plan
Goal 1: A strong and vibrant provincial economy
Objective 1.B British Columbia will have a prosperous economy
Objective 1.C British Columbia will have employment opportunities
Objective 1.D Government will be affordable and fiscally responsible
Ministry Service Plan
Goal 1 Implementing government's three-year fiscal plan and balancing the budget beginning in 2004/05
Goal 2 Creating a tax and regulatory climate that stimulates economic growth
Goal 3 Effective and efficient financial and risk management
Goal 4 Comprehensive, timely and transparent financial and performance planning and reporting
Goal 5 A progressive, innovative and knowledgeable workforce
Objectives
• Balance provincial budget annually beginning in 2004/05
• Effective cash and debt management
• Effective management of public-sector labour relations and human resource strategies
Objectives
• Establish a tax environment that encourages economic growth
• Support business development and investment
Objectives
• Implement a risk-based approach to managing government resources
• Improve the government-wide responsibility and accountability framework for financial management
Objectives
• Compliance with statutory reporting and budgeting requirements and with GAAP
• Increase transparency and accountability for both expenditures and performance
Objectives
• Proactive and visionary leadership
• Performance focused workforce
• Learning and innovative organization

Deregulation

In support of the government's goal of reducing regulation and red tape, several initiatives and regulatory reviews have been completed and others are underway.

With respect to completed regulatory reduction initiatives, the ministry has reviewed and revised the *Personal Property Security Act* regulations to eliminate the inefficiencies of an outdated paper-based system by allowing a more efficient and modern electronic filing system. Clients can now discharge liens and complete most amendments online. These changes resulted in a 4,900 reduction in regulatory requirements. A new *Business Corporations Act* was developed to make it easier and faster to incorporate and more cost effective to operate a business in British Columbia. The Act will replace the outdated *Company Act*, eliminating regulatory overlap, enhancing efficiency, and providing greater flexibility for companies. It is expected that the new Act will be implemented in the Fall of 2003.

Regulatory reduction initiatives underway include the consolidation of three policy manuals for government-wide financial management and general administration, review of statutes and regulations related to internal government financial management processes (i.e., *Financial Administration Act*, *Budget Transparency and Accountability Act*, *Financial Information Act*, *Auditor General Act*, *Medical and Health Care Services Special Account Act*, *Special Accounts Appropriation and Control Act*, *Special Appropriations Act*), and consideration of the regulatory burden imposed by statutes and regulations that govern the registration of manufactured homes in the province, regulate the province's financial services sector, and regulate the province's real estate sector.

To enable the ministry to meet its deregulation target for 2003/04, the ministry intends to consolidate the government's financial management and general administration policy manuals, review legislation and regulations related to internal government financial management processes, implement the new *Business Corporations Act*, revise the *Manufactured Home Act* and regulations, as well as review and revise the Miscellaneous Registrations Regulation.

To enable the ministry to meet its deregulation target for 2004/05, the ministry intends to review and revise the *Credit Union Incorporation Act* and regulations, the *Financial Institutions Act* and regulations, as well as the *Real Estate Act* and regulations.

Resource Summary

Core Businesses	2002/03 Restated Estimates[1]	2003/04 Estimates	2004/05 Plan	2005/06 Plan
Operating Expenses ($000)				
Financial and Economic Performance and Anaylsis	7,982	6,482	5,946	5,946
Financial Governance, Accounting and Reporting	7,683	7,061	5,891	5,891
Treasury	1	1	1	1
Financial and Corporate Sector Services	8,850	8,052	4,131	4,328
Public Sector Employers' Council	14,812	14,812	14,693	14,693
Executive and Support Services	18,260	18,462	17,748	17,748
Totals	**57,588**	**54,870**	**48,410**	**48,607**
Full-time Equivalents (FTE)				
Financial and Economic Performance and Anaylsis	82	68	64	64
Financial Governance, Accounting and Reporting	139	117	112	112
Treasury	78	76	74	74
Financial and Corporate Sector Services	195	179	148	133
Public Sector Employers' Council	13	13	13	13
Executive and Support Services	95	95	95	95
Totals	**602**	**548**	**506**	**491**
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)				
Financial and Economic Performance and Anaylsis	175	45	45	45
Financial Governance, Accounting and Reporting	310	150	140	140
Treasury	1,443	1,848	1,635	303
Financial and Corporate Sector Services	2,351	2,764	601	1,414
Public Sector Employers' Council	3	253	28	3
Executive and Support Services	876	816	816	816
Totals	**5,158**	**5,876**	**3,265**	**2,721**

[1] These amounts have been restated, for comparative purposes only, to be consistent with the presentation of the 2003/04 *Estimates*.

Core Businesses	2002/03 Restated Estimates[1]	2003/04 Estimates	2004/05 Plan	2005/06 Plan
Risk Management				
Operating Expenses	50,000	0	0	0
Full-Time Equivalents (FTEs)	28	43	43	43
Ministry Capital Expenditures (CRF)	970	670	220	220

[1] These amounts have been restated, for comparative purposes only, to be consistent with the presentation of the 2003/04 *Estimates*.

Resource Summary

Core Businesses	2002/03 Restated Estimates[1]	2003/04 Estimates	2004/05 Plan	2005/06 Plan
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Operating Expenses	50,000	0	0	0
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[1] These amounts have been restated, for comparative purposes only, to be consistent with the presentation of the 2003/04 *Estimates*.

Summary of Related Planning Processes

Information Resource Management Plan (IRMP) Summary

Information management and technology planning is critical to achieving the objectives in this service plan. The Ministry of Finance will undertake the following strategic information management and technology investments:

- Debt Management System: will support proactive debt and derivative portfolio management and performance measurement
- Electronic Banking Initiatives: projects that increase the client base for e-banking services such as Internet Payments, telephone/PC banking services and pre-authorized debit, and projects to develop new services such as Internet debit card payment, and electronic bill presentment and payment
- Corporate Online (COLIN): development to support the new *Business Corporations Act*
- Personal Property Registry: re-development using current technologies to enable greater ease of use by clients; this system allows electronic notice filing of encumbrances created against personal property
- Payment Review System: development of a post-payment audit system
- Internal Audit and Advisory Services: development and implementation of a project tracking system
- Enterprise Risk Management System: will support implementation of enterprise-wide risk management practices and processes

The ministry will continue to identify and support the development of information sharing and cross-government systems. For example, involvement in the single business number initiative, development of new e-banking services, and intended participation in the Electronic Document and Records Management System pilot. In addition, the ministry will support electronic service delivery, mindful of security management requirements. This could be accomplished through implementation of a self-service model for access to the corporate and personal property registries, provision of financial and economic reports, conversion from paper forms to electronic forms, development and implementation of an electronic record and document management strategy, and facilitation of electronic financial transactions.
The ministry will also promote greater access to information of public interest through electronic means.

Human Resource Management Plan Summary

Further to last year's service plan, the Ministry of Finance has made significant progress in the development of its Human Resource Management Plan (HRMP).

This plan has been updated to reflect the key elements of the Corporate Human Resource Plan as well as the Ministry of Finance's overall vision and philosophy. While the HRMP is built around the Corporate Human Resource Plan goals, the objectives, strategies, performance measures, and targets remain specific to the ministry.

Development of the HRMP involved input from all levels within the Ministry of Finance. In April 2002, the ministry established a working committee to lead the revision of our HRMP and, through this committee, provided a draft version of the plan to all staff for input and comment. Based on the feedback received, the ministry released a revised version of the HRMP in June 2002.

In September 2002, the ministry commissioned an employee survey to obtain the necessary baseline data required to actively implement the HRMP. As part of this confidential survey, employees were asked to answer more than 50 questions regarding a number of workplace factors and were given the opportunity to make confidential comments and provide feedback. 82 per cent of employees completed the survey. Following the release of the survey's full results, all staff and executive were asked to contribute to the development of the ministry's human resource priorities and actions as outlined below. Further expansion of the ministry HR goals, strategies, measures and targets are available in the HRMP.

Ministry of Finance Human Resource Priorities and Actions

Goal: Proactive and visionary leadership	
Priority	**Action**
Communication and direction from executive	Provide regular communication from executive in memos, meetings, and retreats

Goal: Flexible and motivating work environment	
Priority	**Action**
A. Flexibility	Support flexible work arrangements that encourage a work-life balance
B. Recognition	Divisions and branches will provide appropriate recognition to all staff levels throughout the year
Goal: Learning and innovative organization	
Priority	**Action**
Training and development	Support training and career development opportunities that enable staff to enhance service quality and employee satisfaction and increase competencies in the public service

The Ministry of Finance is committed to ensuring the specific actions identified in the HRMP are addressed and the human resource performance targets are met. A follow-up employee survey is planned for Fall 2003 to measure progress against the HRMP.

Appendix: Changes to Performance Measures and Performance Targets

The ministry has made several changes to the performance measures and targets included in last year's *Service Plan 2002/03–2004/05*. Changes include the addition of new measures as well as the discontinuation or revision of existing measures and the adjustment of targets to reflect the most recent information available. A brief description of the nature and rationale for each of the changes undertaken is provided below:

Performance Measures

New Performance Measures	
Measure	**Rationale**
Compensation cost changes over 2002/03 compensation base (excluding previously existing contracts)	An indicator of the effective management of public sector compensation costs
Days lost due to labour disruption in the BC Public Sector	An indicator of the provincial labour market environment
Per cent annual growth in business registrations	An indicator of British Columbia's business development climate
Potential average annual benefits realized from utilizing a risk-based approach for post-payment monitoring of expenditures and by management implementing Internal Audit and Advisory Services recommendations	An indicator of the financial impact of these Office of the Comptroller General initiatives and recommendations
Stakeholders' satisfaction with the policy framework for financial management	An indicator of service quality for financial management frameworks amongst key stakeholder groups
Alignment of Estimates, Budgets, and core business areas	An indicator of the level of integration between organizational performance planning and performance budgeting
Percentage of staff satisfied that leadership learning and development strategies and/or opportunities are available	An indicator of staff development and organizational health
Percentage of staff with a current Employee Performance and Development Plan (EPDP)	An indicator of effective human resource management, staff development, and organizational alignment
Percentage of staff who agree that learning and development opportunities are accessible	An indicator of staff development and organizational health

Discontinued Performance Measures	
Measure	**Rationale**
Number of P3/ASD projects initiated with financing in place	*Partnerships British Columbia* has been created so the measure is no longer relevant to the Ministry
Rank relative to other provinces of the growth of real GDP per capita	Measure is methodologically limited. Statistics Canada's results are by fiscal year; accordingly, current year figures are estimates based upon an average of independent forecasters' GDP growth rates and Statistics Canada's population projections.
Percentage of time the corporate financial system is available	Responsibility for the Corporate Accounting System has been transferred to the Shared Services Agency

Revised Performance Measures	
Measure	**Rationale**
Number of regulatory requirements	The regulatory requirements associated with ICBC have not been included in the measure given that ICBC will provide full disclosure in their agency Service Plan. Segregation of the regulatory requirements by the responsible reporting entity improves the transparency and accountability of the measure.
Provincial credit rating (Standard & Poor's)	The source has been changed to Moody's Investors Service because inter-provincial comparators are more similar in definition to the measures that the province and the Auditor General use. In addition, Moody's publishes this data early each summer, which assists with more timely reporting of results.
Debt to GDP ratio (DBRS)	See above re: Moody's Investors Service
Debt service costs (cents per revenue dollar) (DBRS)	See above re: Moody's Investors Service
Incremental savings from self-insurance	Annual savings may be subject to significant fluctuations. Adoption of a 5 year rolling average will provide more accurate trendline reporting

Performance Targets

Revised Performance Targets			
Measure	**Target Variance**		**Revision Rationale**
	2003/04	**2004/05**	
Percentage of company incorporations and registrations filed electronically	Decreased by 5 percentage points to 85%	Decreased by 10 percentage points to 90%	Achievement of the 100% completion target remains dependent upon client access to, and acceptance of, electronic registrations. At this time a small number of clients are not expected to shift to the adoption of electronic registrations by 2004/05.
Percentage of responses to ministerial correspondence completed within two weeks	Decreased by 10 percentage points to 70%	No change	The 2001/02 baseline of 60% included in the Service Plan 2002/03 was not accurate. Subsequent analysis determined that the baseline for 2001/02 was 15%.